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FM THE SITUATION ROOM TOHAK134

TO RODMAN/LORD FOR DR KISSINGER

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TOP SECRET

T O P S E C R E T SENSITIVE CONTAINS CODEWORD WH30472

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TOP SECRET-SENSITIVE

CONTAINS CODEWORD

FEBRUARY 13, 1973

ON-FILE NSC RELEASE INSTRUCTIONS APPLY

MEMORANDUM FOR MR. KISSINGER

FROM: THE SITUATION ROOM

SUBJECT: NOON NOTES

ANNOUNCEMENT OF POW RELEASE: DEFENSE DEPARTMENT SPOKESMAN
JERRY FRIEDHEIM ANNOUNCED TODAY THAT "THE DRV HAS INFORMED
US THEY WILL RELEASE 20 PRISONERS WITHIN THE NEXT TWO DAYS."
FRIEDHEIM SAID, "APPARENTLY IT IS IN CONNECTION WITH DR.
KISSINGER'S VISIT." HE SAID THE PENTAGON WAS NOTIFIED OF
THE NEW RELEASE THIS MORNING.

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No Objection to Declassification in Full 2010/08/24 : LOC-HAK-548-6-8-9

~~REACTION TO U.S. DEVALUATION~~ ~~TOP SECRET~~

BE CLOSED TODAY, BUT NEWS SERVICES HAD REPORTED THE FOLLOWING
INITIAL REACTIONS FROM ABROAD:

- QUOTING "ECONOMIC SOURCES," REUTER REPORTS THAT GREAT
BRITAIN IS NOT EXPECTED TO RETURN TO A FIXED PARITY
FOR THE POUND IN THE IMMEDIATE FUTURE.
- CANADIAN TRADE MINISTER GILLESPIE PREDICTED THE CAN-
ADIAN DOLLAR WOULD MAINTAIN ROUGH EQUALITY WITH THE
U.S. DOLLAR; FINANCE MINISTER TURNER REAFFIRMED CANADA'S
INTENTION OF LETTING ITS DOLLAR FLOAT IN INTERNATIONAL
MONEY MARKETS.
- WEST GERMANY'S FINANCE STATE SECRETARY POEHL SAID THE
MARK WILL RETAIN ITS PARITY AGAINST ALL CURRENCIES
EXCEPT THE DOLLAR AND YEN; POEHL ESTIMATED THAT THE
REVALUATION OF THE DOLLAR AND THE FLOATING OF THE YEN
WILL BURDEN WEST GERMAN INDUSTRY WITH AN UPWARD REVAL-
UATION EFFECT OF ONLY ABOUT TWO PERCENT.
- REUTER REPORTS THE TOKYO STOCK EXCHANGE BEGAN TO FALL
SHARPLY FOLLOWING THE ANNOUNCEMENT OF THE DOLLAR DEVAL-
UATION; "BANKING SOURCES" EXPECT THE DEVALUATION TO
CREATE A NEW PARITY OF 277 YEN TO THE DOLLAR (FROM 308);

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"POLITICAL COMMENTATORS SAW THE DECISION TO FLOAT THE YEN AS A SERIOUS BLOW TO THE PRESTIGE OF PRIME MINISTER TANAKA."

-- THE ISRAELI POUND JOINED THE U.S. DOLLAR IN ITS TEN PERCENT DEVALUATION.

-- THE PARITY OF THE BELGIAN FRANC WILL NOT BE CHANGED.

-- IN LONDON, CURRENCY TRADING WAS UNSETTLED AND HESITANT AS THE MARKET REOPENED. MOST ACTIVITY WAS CONCENTRATED ON A ONE DEAL ONLY BASIS, WITH RATES SUBJECT TO FLUCTUATION. HOWEVER, WHERE BUSINESS TOOK PLACE, THE DOLLAR WAS QUOTED SUBSTANTIALLY WEAKER ON FRIDAY'S CLOSING LEVELS, BUT WITH SOME MARGIN STILL ALLOWED ON THE FULL 10 PERCENT DEVALUATION FROM PREVIOUS CENTRAL RATES.

-- IN NEW YORK, THE WEST GERMAN MARK OPENED BELOW ITS CENTRAL RATE IN LIMITED FOREIGN EXCHANGE DEALINGS. DEALERS WERE GENERALLY QUOTING FAIRLY WIDE SPREADS IN ALL MAJOR CURRENCIES, UNDERLINING THE UNCERTAINTY AND CONFUSION.

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POSSIBLE DISCUSSION OF U.S. TROOP WITHDRAWAL FROM KOREA: CORRESPONDENT JAMES PRINGLE WRITES THAT DIPLOMATS IN PEKING SAID TODAY THEY BELIEVED NORTH KOREA HAD ASKED CHINESE LEADERS TO PRESENT THEIR CASE THIS WEEK TO YOU FOR A COMPLETE AMERICAN TROOP WITHDRAWAL FROM SOUTH KOREA. THE DIPLOMATS SAID THEY BELIEVE THE SUBJECT WAS RAISED DURING THE CURRENT VISIT TO CHINA OF NORTH KOREAN FOREIGN MINISTER HO DAM. HO, WHO IS PRESENTLY TOURING SOUTH CHINA, HAS HAD TWO MEETINGS WITH CHOU EN-LAI AND THREE WITH CHI PENG-FEI SINCE HE ARRIVED LAST FRIDAY. CHI HAD RECENTLY BEEN IN NORTH KOREA LEADING TO SPECULATION THAT IT COULD ONLY HAVE BEEN A MATTER OF CONSIDERABLE SUBSTANCE TO NECESSITATE FURTHER CONTACTS SO SOON. INFORMANTS SAY NORTH KOREAN LEADERS BELIEVE THAT THE CHINESE HAVE MORE LEVERAGE WITH AMERICANS THAN THE SOVIET UNION. THE NORTH KOREANS HAD PROJECTED TO THE CHINESE THE AMERICAN TROOP PRESENCE IN SOUTH KOREA AS PART OF CONTINUED U.S. ENCIRCLEMENT OF CHINA.

EASTERN EUROPE GRAIN PROSPECTS: ACCORDING TO REPORTS FROM EASTERN EUROPE, A LACK OF PROTECTIVE SNOW COVER AND LOW LEVELS OF SOIL MOISTURE THREATEN PROSPECTS FOR WINTER GRAIN HARVESTS IN EASTERN EUROPE AS WELL AS THE SOVIET UNION, AS REPORTED EARLIER. SNOWFALL THIS WINTER HAS BEEN THE SMALLEST IN YEARS

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AND WILL BE INADEQUATE TO PROVIDE A PROTECTIVE COVER FOR WINTER GRAIN AGAINST SUB-ZERO TEMPERATURES; AND, BY THE END OF JANUARY, IT HAD MELTED IN MANY AREAS. AN EQUALLY SERIOUS PROBLEM AFFECTING THE OUTLOOK IS THAT SOIL MOISTURE LEVELS ARE 25 PERCENT OR MORE BELOW NORMAL IN MOST AREAS. UNLESS NORMAL AMOUNTS OF PRECIPITATION OCCUR DURING FEBRUARY AND MARCH, WINTER GRAIN PLANTS WILL LACK THE NECESSARY MOISTURE IN THE SPRING FOR OPTIMUM GROWTH AS WELL AS FOR OVERCOMING EFFECTS OF ANY WINTER DAMAGE.

JAPANESE LOAN TO WORLD BANK: THE CENTRAL BANK WILL LEND THE EQUIVALENT OF \$438 MILLION TO THE WORLD BANK THIS YEAR AS PART OF TOKYO'S CONTINUING EFFORT TO HOLD DOWN THE GROWTH OF FOREIGN RESERVES, WHICH STOOD AT \$18.4 BILLION AT THE END OF 1972. THE LOAN -- THE LARGEST THE WORLD BANK HAS RECEIVED -- COMES ON THE HEELS OF LAST YEAR'S \$325-MILLION CREDIT, AND WILL RAISE THE WORLD BANK'S BORROWING FROM THE BANK OF JAPAN TO \$1.2 BILLION SINCE 1961. THE WORLD BANK ALSO HAS RAISED \$178 MIL QON FROM BOND SALES ON THE JAPANESE MONEY MARKET SINCE 1971, AND PLANS TO ISSUE AT LEAST AN ADDITIONAL \$65 MILLION IN BONDS THIS YEAR.

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